

THE HONORABLE BENJAMIN H. SETTLE

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA

LDK SOLAR CO., LTD.,

Plaintiff

vs

SILICON SOLAR, LLC, et al,

Defendants.

NO. C09-5518 BHS

DEFENDANTS' ANSWER AND
AFFIRMATIVE DEFENSES

Defendants answer Plaintiff LDK Solar Co., Ltd.'s Complaint as follows:

1. Upon information and belief, Defendants admit the allegations of paragraph 1.
2. Defendants admit paragraphs 2 through 5.
3. In response to the allegations of paragraph 6, Defendants admit that Defendant RMD Holdings LLC is a Washington LLC and its principal place of business is Longview, Cowlitz County, Washington. Defendants deny the remaining allegations of paragraph 6.
4. Defendants admit the allegations of paragraph 7.

1 5. In response to the allegations of paragraph 8, Defendants admit that
2 Defendant Ecotech Recycling, LLC is a Washington LLC and its principal place of business
3 is Kalama, Cowlitz County, Washington. Defendants deny the remaining allegations of
4 paragraph 8.

5 6. Defendants admit the allegations of paragraphs 9 through 17.

6 7. To the extent paragraph 18 requires a response, Defendants admit that
7 there is an increased focus on renewable energy sources, including solar. Except as so
8 admitted Defendants deny the allegations of paragraph 18.

9 8. Upon information and belief, Defendants admit the allegations of
10 paragraph 19.

11 9. Defendants deny the allegations of paragraph 20.

12 10. In response to the allegations of paragraph 21, Defendants admit that at
13 various times Silicon and Solar LLC supplied raw material as well as test wafers, spacer
14 wafers, outsourcing for coordination for metals, nitride and oxides, specialty II-V wafers
15 and non-semi standard products and consulting services. Defendants deny the
16 remaining allegations of paragraph 21.

17 11. In response to the allegations of paragraph 22, Defendants admit that at
18 various times Silicon and Solar LLC supplied various quantities of IC Grade, Solar Grade
19 and Scrap silicon to LDK. Defendants deny the remaining allegations of paragraph 22.

20 12. In response to the allegations of paragraph 23, Defendants admit that at
21 various times Silicon and Solar LLC purchased silicon on LDK's behalf, that passed
22 through without inspection from offshore locations and without Silicon & Solar's
23 inspection. LDK's purchases were conditioned upon raw materials being sorted,
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1 resistivity tested and cleaned and cleared as necessary to meet LDK's solar
2 specifications, however, much of the material did not meet LDK's specifications.
3 Defendants deny the remaining allegations of paragraph 23.

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5 13. In response to paragraph 24 Defendants admit that that Silicon & Solar
6 LLC failed to deliver some amount of silicon LDK ordered, but deny that the amount was
7 \$5,749,371.23.

8 14. In response to paragraph 25, Defendants admit that Silicon & Solar LLC
9 loaned funds to Defendant Silicon & Solar Manufacturing, LLC pursuant to a loan
10 agreement. Defendants deny all remaining allegations of paragraph 25.

11 15. In response to paragraph 26, Defendants admit that Silicon & Solar LLC
12 loaned funds to Defendant RMD Holdings, LLC pursuant to a loan agreement.
13 Defendants deny all remaining allegations of paragraph 26.

14 16. In response to paragraph 27, Defendants admit that Silicon & Solar LLC
15 loaned funds to Defendant Ecotech Recycling, LLC pursuant to a loan agreement.
16 Defendants deny all remaining allegations of paragraph 27.

17 17. In response to paragraph 28, Defendants admit that Defendant Renie
18 Duvall is a member of Silicon & Solar LLC, and received distributions from the company in
19 2007 and 2008. Defendants deny all remaining allegations of paragraph 28.

20 18. In response to paragraph 29, Defendants admit that Silicon & Solar LLC
21 made distributions to "John Doe" Duvall (true name Phillip Mixer) in 2007 and 2008.
22 Defendants deny all remaining allegations of paragraph 29.

20. In response to paragraph 31 Defendants admit that Silicon & Solar failed to deliver some amount of silicon pursuant to purchase orders from LDK. Defendants deny the remaining allegations of paragraph 31.

AFFIRMATIVE DEFENSES

By way of further Answer and Affirmative Defenses, defendants allege as follows:

1. The alleged transfers or distributions were in exchange for reasonably equivalent value.
2. The alleged transfers or distributions were not made with the intent to hinder, delay or defraud any creditor.
3. Silicon & Solar LLC was not insolvent at the time of the alleged transfer or conveyance.
4. Offset and/or payment.

1 5. Defendants reserve the right to amend and assert further affirmative
2 defenses as discovery proceeds.

3 Dated this 26th day of October, 2009.

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9 Attorneys for Defendants
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